

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

May 06, 2010

MOTOR CARRIER MATTER

☐

DOCKET NO.

2009-479-WS

UTILITIES MATTER

☒

ORDER NO.

SUBJECT:

DOCKET NO. 2009-479-WS - Application of United Utility Companies, Incorporated for Adjustment of Rates and Charges and Modification to Certain Terms and Conditions for the Provision of Water and Sewer Service - Discuss this Matter with the Commission.

COMMISSION ACTION:

First, I move that we overrule the Company's continuing objection – opposed by ORS – to the admission of customer testimony and to various customer exhibits in this proceeding. Second, I move that the Company's application for a general increase in its water and sewer rates be denied, since billing problems in both areas have resulted in an inability to accurately determine the revenue requirement for the Company.

During various local public hearings, testimony was received that the Company has unbilled sewer revenue. Residents testified that they knew of neighbors who had been receiving service, but who had not been billed for that service for several years. The Company presented a survey based on three neighborhoods that found 51 customers out of a total of 464 billable customers who were receiving sewer service without being billed, which is roughly 11% of those customers. The Company presented testimony that surveys are being completed of the entire system, but that these had not been completed. The Company was unable to provide information as to whether billing determinants include those customers who are receiving sewer service but are not being billed. There was also a dispute about the appropriate number of Single Family Equivalents that should be used to determine the sewer rates for North Greenville University. The Company was unwilling to conduct a survey of North Greenville University to determine the appropriate number of Single Family Equivalents that should be billed. And, finally, although the Company has agreed to credit the customers, there were a number of cases of proration of bills that resulted in overcharges to wastewater customers. Because of these factors, this Commission has no means of determining the appropriate revenue requirement for sewer services for the Company.

Unfortunately, the appropriate revenue requirement for water services is also in doubt. Witnesses living in the Trollingwood subdivision in Pelzer testified to billing irregularities. One customer who utilizes both water and wastewater services provided by the Company testified and documented that she was billed 13 times in 2008 (which is the test year in this case), and that the water gallonage billed was inconsistent with actual usage. She was told that her meter had not been read between May and August. Another customer had normal water meter readings for two months, and then an excessive reading for a third month, again all in 2008. The evidence suggests that the Company is not reading water meters regularly, and, therefore, would not be conducting the proper assessment of its water system to determine whether all water customers are being billed. Clearly, water billing by the Company is also irregular, and leads us to conclude that we cannot determine the real water revenue

requirement, either.

Thus, the uncertainties in both water and sewer revenue requirements leave us unable to determine the revenue requirement for the Company. I move that we order the Company to investigate its customer billing procedures in both the water and wastewater areas, and take whatever steps that are necessary to bill its customers on-time and for proper usage.

Despite my motion to deny the overall rate increase, there are various fees and modifications to existing tariffs that I move we approve, at least in part. The Company seeks to increase the Notification Fee from \$4.00 to \$24.00. ORS proposed an increase to \$6.00 and noted that the fee imposed by the U.S. Postal Service for Certified/Return Receipt mailings increased from \$3.74 in 2001 to \$5.54 in 2009. I therefore move that we approve the increase in the notification fee to \$6.00. I further move that we approve the Company-proposed modifications to the terms and conditions of its water and sewer tariffs, including, but not limited to the rate schedule provisions pertaining to service provided to rental units, the modification to the water rate schedule on cross-connections, including, however, the 30 day advance notice proposed by ORS, the modification with regard to DHEC language and tap fees, and the proposed language regarding electronic billing.

The Company's status with regard to use of the Uniform System of Accounts is unclear at this time. I would simply move that the Company take whatever steps are necessary to be certain that it is following Commission rules and regulations with regard to its usage of the Uniform System of Accounts, and request that ORS investigate and report to the Commission on its evaluation of the Company's compliance regarding its system of accounts within 120 days of the date of issuance of the Commission's order resulting from this motion.

Also despite my motion to deny the rate increase, I do recognize that the Company is at least recognizing that aesthetics of water are important to customers, in that the Company is volunteering to increase flushing of the lines in the Trollingwood subdivision to once per month. I think this is a reasonable proposal and should be adopted by this Commission. I also look forward to reviewing the Company's progress in the area of water aesthetics in the future, and I trust that the Company will make every effort to put its billing procedures in order prior to future rate applications.

PRESIDING: Fleming

SESSION: Regular

TIME: 2:30 p.m.

	MOTION	YES	NO	OTHER
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WRIGHT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

(SEAL)

RECORDED BY: J. Schmieding

